Kosmas Applauds Signing of Helping Families Save Their Homes Act

Legislation Will Help Address Central Florida’s Foreclosure Crisis

(Washington, DC) – Today, Congresswoman Suzanne Kosmas (FL-24) applauded the signing of H.R. 1106 (S.896), the Helping Families Save Their Homes Act. The legislation will help protect thousands of Central Florida homeowners by providing important tools and incentives for lenders, servicers, and homeowners to modify loans and avoid foreclosures. The bill passed the House and Senate this month by large bipartisan margins and was signed by President Obama on Wednesday.

According to a report by Foreclosures.com , Florida is ranked second in the nation in foreclosures and suffered 18,946 foreclosures in March, a 33 percent month-to-month increase. The Helping Families Save Their Homes Act provides incentives to encourage lenders to negotiate affordable mortgages, fixes the Hope for Homeowners program designed to spur the refinancing of mortgages, strengthens consumer rights to housing information, and provides support for the community banks that are crucial to small businesses and families across this nation.

“The signing of the Helping Families Save Their Homes Act is an important step towards addressing our foreclosure crisis,” said Congresswoman Kosmas. “The state of Florida has the second most foreclosures in the nation and thousands more are expected if we don’t take action. The Helping Families Save Their Homes Act is a bipartisan bill that will help working families keep their homes and preserve property values in neighborhoods throughout Central Florida.”

Additional information on the Helping Families Save Their Homes Act:

Reducing Foreclosures/Incentives for Negotiating Affordable Home Loans

- Fixes to the FHA's Hope for Homeowners program enacted as part of the comprehensive housing reform legislation from last summer. These changes, specifically outlined as part of the President’s housing package:

- Lower fees paid by borrowers and lenders.

- Authorize incentive payments to servicers of existing loans and underwriters of new FHA refinanced loans.

- Provides mortgage servicers with clarity and certainty for their actions, with protection from lawsuits for loan modifications, consistent with the Obama Administration’s program or done through the Hope for Homeowners program. Mortgage servicers are concerned about the threat of investor lawsuits if they help families in danger of losing their homes with loan modifications. This provision is critical to the success of the President’s initiative by providing incentives for servicers to take part in loan modification programs.

- Gives FHA and USDA’s Rural Housing Service (RHS) flexibility to undertake loan modifications to make the loans affordable and consistent with the Obama Administration loan modification program.

- Establishes the right of a homeowner to know who owns their mortgage.

- Protects renters who live in foreclosed properties – preventing sudden evictions by requiring a minimum 90-day notice period. A bank that forecloses on a home must honor the existing lease, unless the property is sold to an owner-occupant.

- Strengthens tools to ensure that predatory lenders cannot act as lenders or servicers in the FHA programs.

- Expands federal foreclosure prevention activities by authorizing an extra $130 million for counseling, fair housing field employees, and advertising to increase public awareness about foreclosure scams.

- Strengthens help for the homeless by authorizing $2.2 billion for homeless programs, streamlining these critical programs to make them more effective, and focusing them more on the fastest growing segment of the homeless population -- families with children – as well as the chronically homeless.

Protecting Consumers’ Savings & Strengthening Community Banks and Credit Unions

- To protect the bank deposits and savings of bank and credit union account holders, the legislation extends for four years the increase in deposit insurance per account from $100,000 to $250,000. This will be particularly helpful for small banks and credit unions that derive the vast majority of their funding from deposits and will allow them to provide more credit to consumers and small businesses.

- Strengthens the financial situation of community banks and credit unions by:

- Increasing borrowing authority both for the FDIC and the Federal credit union regulator permanently (by $100 billion and $6 billion respectively), and establishing temporary additional borrowing authority ($500 billion and $30 billion respectively). This will reduce the financial burden on the many community banks that contribute their fair share to the stability of the banking system by replenishing the deposit insurance fund, even though they generally did not offer the risky and exotic mortgages at the root of the subprime meltdown. The temporary loan authority will allow the FDIC to reduce the special assessments on banks, going into effect at the end of May, by as much as 50%, leaving more capital in American communities that need the flow of credit the most.

- Permitting the FDIC to charge systemic risk special assessments on bank holding companies, for the first time, if they stand to benefit from the government’s actions to stabilize the banking system, which has the effect of reducing costs to community banks.

- Expands accountability of financial rescue funds, by putting in place rules for the proposed private-public investment fund to stabilize the banks, including conflict of interest rules, requiring reports on large investors in the fund, and giving the Special Inspector General access to the books of a fund.